

FISCAL MEMORANDUM

HB 2669 – SB 3044

May 6, 2008

SUMMARY OF AMENDMENT (017755): Deletes the original bill in its entirety. Enacts the “Drinking Water Access and Planning Resources Act of 2008”. Authorizes each public water system to prepare and submit a system water plan to the Department of Environment and Conservation (TDEC). Requires TDEC to review any submitted plan and notify the system of any suggested changes. Requires any system submitting a plan to comply with that plan unless modified through a subsequent revision. Authorizes TDEC to suggest the criteria and format for the plans; delineate regions at risk for water shortages; require public water systems to have interconnections and sell water to other public water systems in the state; gather information on other water resources being used by persons other than community water systems; develop regional plans for water supply; waive minimum flow withdrawal requirements during drought or emergency conditions; develop criteria for matching grants or loans to water systems; provide technical assistance to public water systems and to contract with the Tennessee Association of Utility Districts (TAUD), or the Municipal Technical Advisory Service (MTAS) to accomplish the purposes of this bill. Authorizes the Department of Economic and Community Development to award points to systems implementing such plans when determining the distribution of funds for community development block grants and the Tennessee FastTrack infrastructure development program. Outlines the information that must be included in water supply, emergency preparedness, and water conservation plans. Establishes a dedicated fund for loans, grants and guarantees to assist public water systems that have submitted a plan in meeting the goals of such plans. Authorizes the General Assembly to make appropriations to the fund. Requires the Utility Management Review Board or the Water and Wastewater Financing Board to conduct a cost analysis audit at the request of a water system if a dispute arises during negotiations involving the sale of water by one public water system to another.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$150,000/One-Time
Less than \$300,000/Recurring

Increase Local Expenditures* – Exceeds \$3,400,000

Other Fiscal Impact – The bill establishes “The Drinking Water Access and Resources Fund” and authorizes the General Assembly to make

HB 2669 – SB 3044

appropriations to the fund. The amount of such appropriation is unspecified. Therefore, any increase in state expenditures associated with such fund cannot be quantified.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Expenditures – Exceeds \$450,000/FY08-09
Exceeds \$425,000/FY09-10
Exceeds \$425,000/FY10-11**

**Increase Local Expenditures – Exceeds \$100,000/Permissive
Exceeds \$100,000/Mandatory**

Other Fiscal Impact – The provisions of the bill create a dedicated fund to assist local governments in the implementation of certain water supply plans. However, though the bill does provide authorization for appropriations to the fund by the General Assembly, such funding is not required and an amount is not specified. If such appropriations do take place, state expenditures will increase in an amount equivalent to such appropriation. Any increase in state expenditures to cover the cost of administration of grants and loans from the fund are assumed to be included in any amount appropriated to the fund.

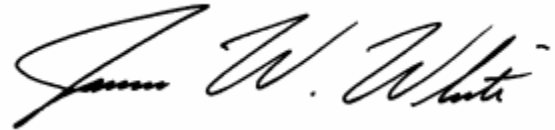
Assumptions applied to amendment:

- TDEC will be required to develop regional plans for water supply. The expenditures for such plans will be spread over three fiscal years. The estimated annual expenditure for such plans is \$375,000. This is based upon the development of nine regional plans at a cost of \$125,000 each.
- A one-time increase in state expenditures of \$25,000 for TDEC to contract with TAUD, MTAS, or CTAS to provide assistance to public water systems choosing to develop water supply plans.
- Any increase in local government expenditures to develop water supply plans is permissive. It is unknown how many public water systems will choose to develop such plans. However, it can reasonably be estimated that if several water systems do choose to develop the plans that the cost statewide to such systems will exceed \$100,000.
- Any increase in state expenditures for TDEC to review plans submitted to the department is estimated to be not significant.

- An increase in local government expenditures exceeding \$100,000 attributable to the authority of TDEC to require public water systems to have interconnections and sell water to other public water systems in the state.
- An increase in state expenditures exceeding \$50,000 for the Utility Management Review Board or the Water and Wastewater Financing Board to conduct the required cost analysis audits.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/cce